

# **RENTAL APARTMENT MARKET ANALYSIS**

**POTENTIAL DEVELOPMENT  
135 WELLS AVENUE  
NEWTON, MASSACHUSETTS**

## **Prepared For:**

Mr. Jay Doherty, President  
Cabot, Cabot & Forbes of New England, Inc.  
125 Summer Street  
Boston, MA 02110

## **Prepared By:**

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July 2013

# Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

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July 23, 2013

Mr. Jay Doherty, President  
Cabot, Cabot & Forbes of New England, Inc.  
125 Summer Street  
Boston, MA 02110

**RE: Potential Rental Apartment Development  
135 Wells Avenue Newton, MA**

Dear Mr. Doherty:

In accordance with your request, the attached sets forth a residential market analysis to facilitate your understanding of the market for potential rental apartment development at 135 Wells Avenue in Newton, Massachusetts. The effective date of our report is July 2013. The conclusions presented are applicable to this time frame.

In the report that follows we have made observations regarding the appropriate renter targets and examined the achievable rental rates and requisite product characteristics as evidenced by the competitive apartment market supply. These market supply and demand factors influence expectations for new residential development and reflect our view of the environment within which a near term, residential project at the site must be prepared to compete.

We appreciate the opportunity to be of assistance and look forward to discussing our findings with you further. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,  
BYRNE MCKINNEY & ASSOCIATES, INC.

Pamela S. McKinney MAI, CRE  
Principal

Thomas F. Byrne, MAI, CRE  
Principal

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## **INTRODUCTION**

The purpose of this study is to identify factors that influence the residential development potential of the 135 Wells Avenue site in Newton. We have considered the physical and locational characteristics of the property and its suitability for multifamily rental housing, as well as the local demographic and comparable rental market supply factors that influence a supportable development program at the site.

Residential market analysis studies the factors that contribute to the supply of and demand for housing units. Demand for traditional residential use types is generated by population and household growth. Trends in sub-market household formation as well as the age and income characteristics of the households in question play an important role in quantifying and segmenting potential demand for specific housing unit types. To this end, we have examined demographic figures for the subject market area (current year estimates and five year projections, based U.S. Census data) as provided by STDB, Inc. a national demographic analysis firm.

Following the analysis of market area demographics, we have also analyzed selected rental apartment properties within the defined market area to produce an understanding of the existing supply alternatives available to market area rental housing consumers. The report concludes with a discussion of our observations regarding the various characteristics (such as amenities, unit sizes, rents, etc.) necessary for a new rental housing development at the subject site to meet the identified market demand.

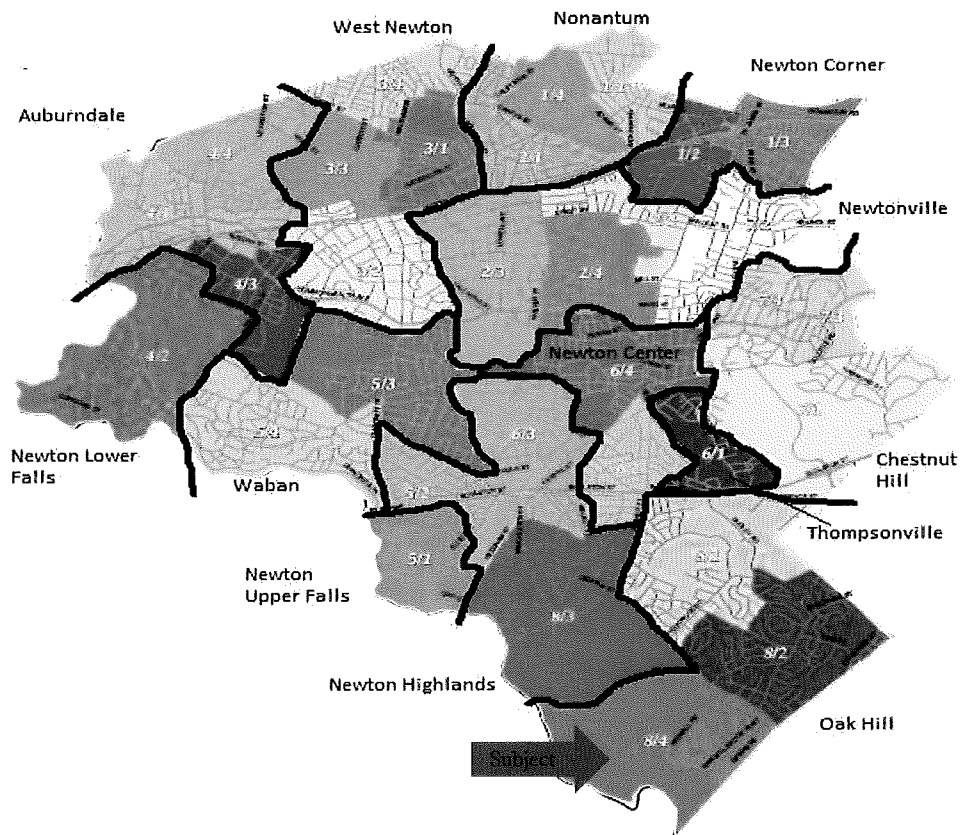


## SITE AND AREA FEATURES

The property at 135 Wells Avenue is part of the Wells Avenue Executive Office and Industrial Park off Route 128 in Newton, Massachusetts.

The City of Newton is a collection of 13 “villages”, each with its own personality and character; Auburndale, Chestnut Hill, Newton Centre, Newton Corner, Newton Highlands, Newton Lower Falls, Newton Upper Falls, Newtonville, Nonantum, Oak Hill, Waban, West Newton and Thompsonville. The subject property is located in Oak Hill, which comprises the southeastern corner of Newton at the Needham/Boston border.

### NEWTON VILLAGES



Wells Avenue begins at Nahanton Street and travels south until it reverses direction and travels north forming a loop before reconnecting near Nahanton Street. The site is situated near the southern most point of Wells Avenue abutting the campus of Ida College. The site's configuration is elongated providing considerable depth and privacy from Wells Avenue.

Access from the site to the region is from Route 128 a primary highway creating a ring around Boston's inner suburbs. Many businesses and employers are positioned along or near this highway, and it connects many of the region's other arterial roadways. Within three miles to the north of the Route 128 access ramp, are the Route 9 and I-90 (Massachusetts Turnpike) junctures, leading east into Boston and Chestnut Hill and west into the western suburbs and beyond. Within ten miles to the south are Route 128 interchanges with Route 95 providing southerly access to Providence, RI, and Route 1 which is densely developed to the east (Dedham) and west (Westwood and Norwood) of Route 128 with retail and service establishments.

Newton's market attraction is directly related to its predominantly residential character, its reputation for high quality public schools, and its proximity to both Boston (12 miles to the east) and Route 128 for commuters. Newton was originally settled in the 1650's and known as Cambridge Village, the name was later changed to Newtown, and subsequently to Newton. By the 1850's Newton had developed a strong horticultural business, hence the name "Garden City". Newton became a city in 1873 and has a current population of approximately 84,000.

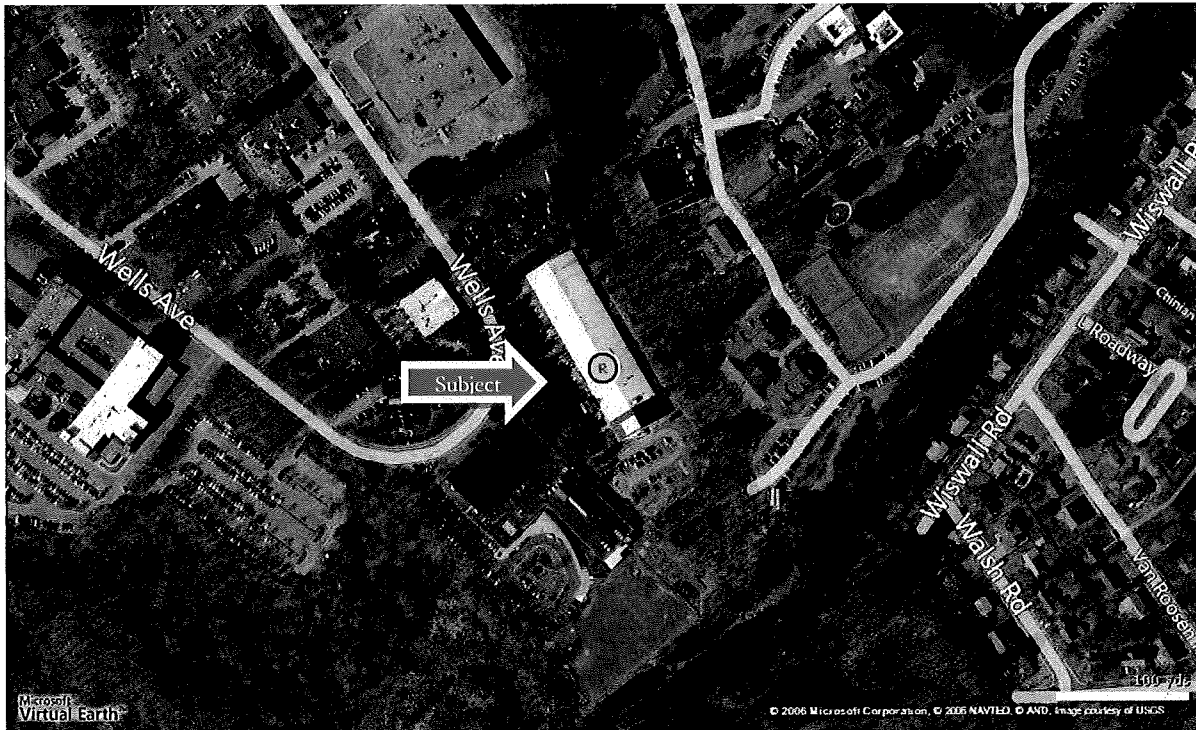
Although impacted by the economic downturn of 2008/2009, single family and condominium home prices in Newton have seen steady gains in recent years, as reported by the Warren Group.

#### NEWTON MEDIAN HOME SALES PRICE

Year	Period	1-Fam	Condo	All
2013	Jan - May	\$826,000	\$433,000	\$680,002
2012	Jan - Dec	\$780,000	\$434,000	\$668,500
2011	Jan - Dec	\$750,000	\$414,000	\$640,000
2010	Jan - Dec	\$735,000	\$413,250	\$610,000
2009	Jan - Dec	\$710,000	\$419,000	\$615,000
2008	Jan - Dec	\$760,000	\$428,000	\$627,025
2007	Jan - Dec	\$760,215	\$450,000	\$675,000
2006	Jan - Dec	\$739,000	\$485,000	\$642,500
2005	Jan - Dec	\$760,000	\$470,000	\$670,000
2004	Jan - Dec	\$708,000	\$434,750	\$640,000
2003	Jan - Dec	\$645,000	\$433,250	\$581,000
2002	Jan - Dec	\$589,000	\$405,000	\$547,300
2001	Jan - Dec	\$583,250	\$355,000	\$523,000
2000	Jan - Dec	\$539,000	\$305,000	\$465,000

Source: Warren Group

### AERIAL MAP



## **MARKET STUDY**

### **Market Area Definition**

An appropriate market typically consists of a geographic area that shares similar supply and demand characteristics. From a demand standpoint, a sub-market is the geographic area from which demand can expect to be captured. From a supply standpoint, a sub-market is the geographic area within which supply is relatively similar and competitive. A sub-market must have cohesive locational and access attributes as well as relatively homogeneous economic and demographic characteristics. The range of a target market area may vary depending upon the region's population density, transportation infrastructure and the location of available and competitive developments.

The subject site is located in the Oak Hill section of Newton, alongside Route 128 in the Wells Avenue Executive Office Park. For the purpose of this study, we believe the appropriate primary market area (PMA) for residential development at the subject site focuses on abutting communities within a 5 mile radius of the site and has been defined to include Newton, Waltham, Westwood, and Dedham. All are located within the influential sphere of Route 128 and have similar income and housing price profiles. Note that the abutting town of Wellesley has not been included in the PMA definition as its dramatically more affluent economic profile inappropriately skews the analysis.

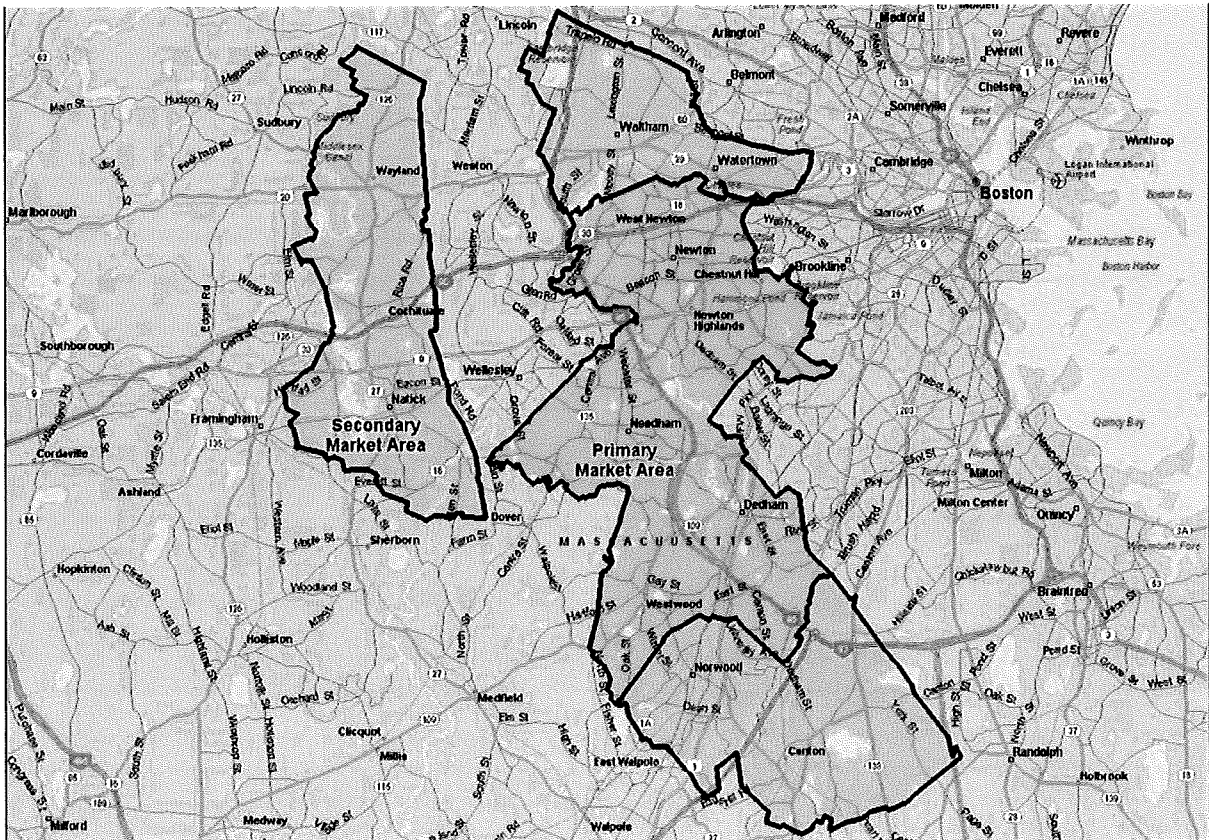
The secondary market area (SMA) focuses on a second tier of slightly more distant communities within a 10-mile radius of the subject site, also positioned primarily along Routes 128 as well as to the east and west along Routes 9 and 90. The six-community SMA has been defined to include the cities of Waltham and Watertown to the north, Canton and Norwood, to the south and Natick and Wayland to the west. Note that, like Wellesley in the PMA, the communities of Weston, Lincoln, Dover, Milton and Brookline have not been included in the SMA definition as their relative locational, economic and/or housing tenure attributes are not consistent with the potentials under examination at the subject site.

The following table shows the basic socioeconomic information for communities within the defined PMA and SMA including the median household income (as of 2012) and the 2012 median single-family home price (as reported by The Warren Group). This is followed a regional map showing the defined market areas.

Community	Population <sup>(1)</sup>	Median HHld Income <sup>(1)</sup>	2012 Median S.F. Sale Price <sup>(2)</sup>
<b>PMA</b>			
Dedham	25,211	\$76,042	\$325,000
Westwood	14,567	\$120,281	\$534,250
Needham	28,894	\$124,711	\$670,000
Newton	85,761	\$119,941	\$780,000
<b>SMA</b>			
Natick	34,096	\$87,463	\$419,625
Norwood	28,867	\$68,930	\$330,000
Waltham	61,092	\$66,304	\$376,500
Canton	21,721	\$91,771	\$382,000
Watertown	32,170	\$78,816	\$422,000
Wayland	13,181	\$130,466	\$533,000

(1) Population & Median Household Income as of 2012

(2) Median prices of single-family homes sold in 2012



We believe residential development at the subject is likely to draw a larger portion of demand from the PMA communities. Our analysis of comparable rental apartment developments focuses on sizeable, newly constructed complexes that we believe are most likely to compete directly with the subject for rental market consumers.

## **Target Demand Description**

The target demand conclusion is driven both by market demography and site attributes. The subject locale is approximately twelve miles west of Boston. It is positioned on circumferential Route 128 (at the Highland Avenue/Needham Street exit). This location exerts an enormous influence on the potentials for new rental housing at the subject site. It has excellent access to primary highways and public transportation leading to employment and other commercial activity centers that are especially important to the younger commuter and single person households that make up the core of the subject's target market. Given the site attributes and our examination of market area households, the renter targets and the market opportunity for this site derive from two primary demand sources.

One group consists of young to middle aged (between 18 and 50) professional singles and couples, mostly without children. At the younger end of the age range (18-35) are people who are likely to have grown up in the suburbs (and prefer it for economic or lifestyle reasons) and now work in Boston or along Route 128 and may not yet be able to afford a condominium or single-family home in the surrounding area that is suitably up-to-date or appealing. At the older end of the age range (35-50) are people who may have transient circumstances relative to work (not yet fully established in their careers, relocating to the area, etc.) or family life (divorced, etc.) and are not ready to sink roots in the community in the way a home purchase implies. The unifying theme here is a preference for rental over ownership housing.

The other group is the older suburban empty-nesters (55+ households), who have begun the process of trading out of traditional single-family neighborhoods and homes, no longer suited to a child-centered lifestyle and who are looking for new, well appointed, management-free apartment-style living, that allows them to remain close to family and other established affiliations (religious and social groups, familiar shopping venues, etc.) without the economic or management responsibilities of ownership. Many of these households also spend some portion of the year traveling or wintering in a warmer climate.

It is important to note that these groups are very compatible from a lifestyle and economic point of view and we would expect similar requirements for basic finishes and project amenities, with some

differences in unit sizing and bedroom typologies (smaller units appealing to the younger cohort and somewhat larger units with minimal stair access for the older cohort).

## **Apartment Market Overview**

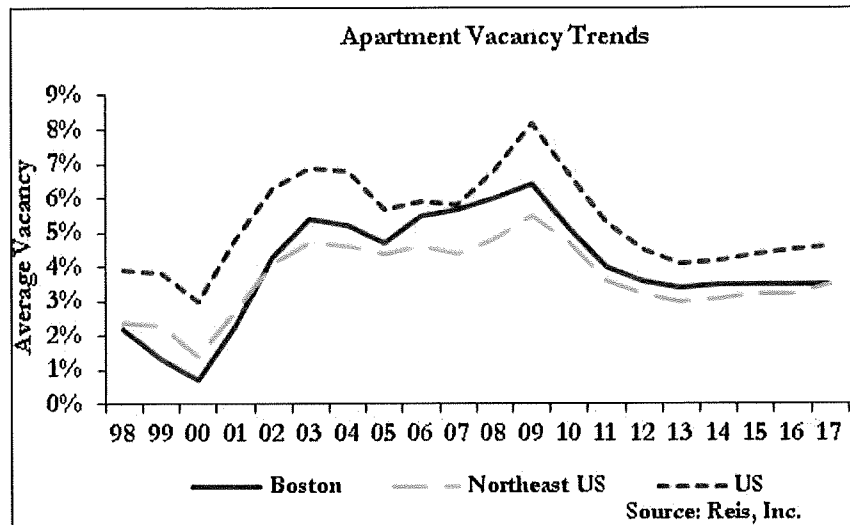
### **Metro Boston Rental Housing Market Trends**

The following section is based on the quarterly Reis Observer publication on the Boston Apartment Market (1<sup>st</sup> Quarter 2013, published May 7, 2013). As an overview of this market they summarize recent trends and then the outlook, as follows:

“The 199,881-unit Boston metropolitan apartment market was in balance in the first quarter of 2013, with a combination of low vacancy and steady rent gains. Although rents are high here, and rising faster than wages, the pace of increase has been modest since a rent spike during the late 1990s tech boom. Vacancy is characteristically low, and down sharply over three years due to a slowdown in new supply.”

“The Reis baseline forecast calls for more stability for Boston apartments, with the vacancy rate nearly stationary at 3.5% and annual rent gains running from 3.0% to 3.5%, roundly speaking. This despite a surge of new supply that is expected to peak over the next two years. The average vacancy rate for 1990 to 2012 was 3.9%, and the market is expected to be slightly tighter than that. The average rent gains during the period were 3.4% asking and 3.3% effective.”

**Occupancy** -- Reis reports a 1<sup>st</sup> 2013 vacancy level in the metro-Boston area’s investment-grade apartments at 3.6% (down 20 basis points from a year earlier). There is significant difference in vacancy rates between the Class B/C product (which had its rate peak at 5.7% in 1<sup>st</sup> Quarter 2010) and Class A product (which had its rate peak with new supply at 8.1% in 2<sup>nd</sup> Quarter 2009). In 1<sup>st</sup> Quarter 2013, the Class B/C rate was 2.9% (down 40 basis points year-over-year) and the Class A rate was 4.6%, down 10 basis points from a year earlier). With affordable housing always in short supply, the Class B/C vacancy rate trends lower than the Class A rate.

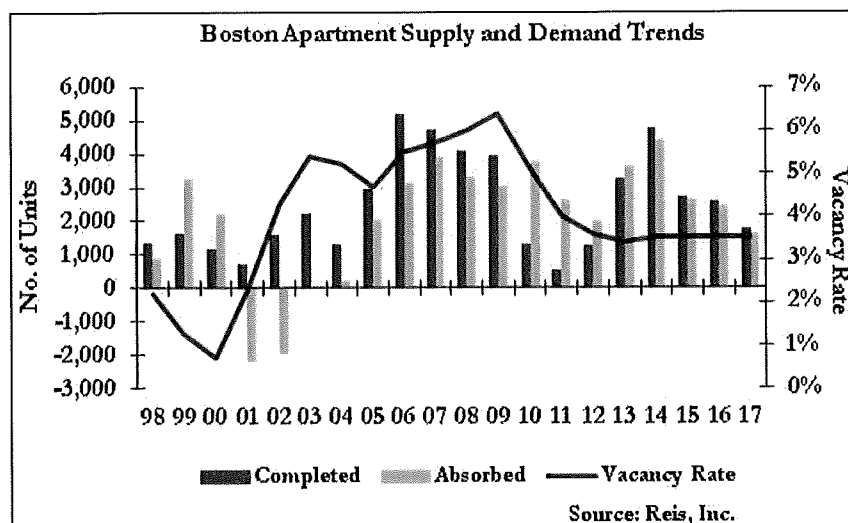


Reis predicts the metro-wide vacancy rate to slip to 3.4% by the end of the year, and then remain at 3.5% for the rest of the forecast period through 2017. By the end of the forecast period, the metro Boston average vacancy rate is expected to match that of the Northeast Region, but continue to be well below the U.S. average.

**Supply/Demand** -- The Boston area reportedly averaged 3,000 units of annual net absorption from 2005 to 2012. The 1<sup>st</sup> Quarter had a modest start with 283 units absorbed, which Reis attributes to constraint by the lack of available supply.

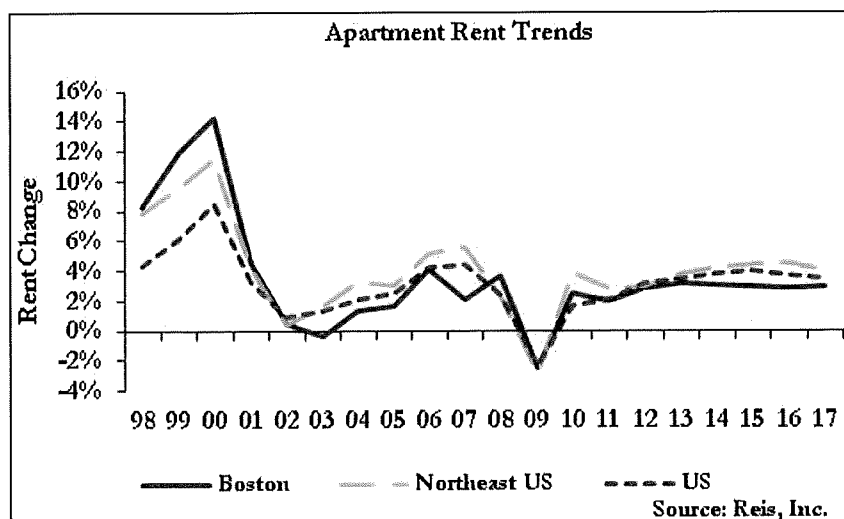
The supply boom had reportedly averaged more than 4,500 rental units constructed per year from 2006 to 2009 in the greater Boston area. When the financial crisis and recession halted virtually all real estate development, new apartment supply dropped, but construction has revived and the apartment boom has resumed. Reis reports 6,264 market-rate apartments under construction metro-wide; with another 2,804 in planned projects with announced development schedules (with a concentration in or close to Boston). Reis predicts about 3,300 units will complete construction this year, followed by nearly 4,800 in 2014, with a subsequent slow down.





**Rents** -- According to Reis, the Boston area's apartment rent gains slowed in the 1<sup>st</sup> Quarter of 2013, with both the average asking rent and the average effective rent increasing by 0.5% to \$1,833 and 1,755 per month, respectively. Rents are up 3.1% asking and 3.5% effective from a year earlier. The Class B/C asking average rent was up 2.1% year-to-year (to \$1,529), while the Class A asking average was up 3.7% from a year earlier (to \$2,261). Rents in Boston are among the highest in the country, due to a limited supply of rental housing.

Reis predicts steady but moderate rent gains of slightly more than the overall inflation rate. The forecast for 2013 has increases at 3.2% asking and 3.4% effective. Subsequent increases are expected to be only somewhat smaller.



**Submarket Rental Market Trends**

REIS segments the metropolitan Boston apartment market into nine submarkets. Newton is contained within their Brookline/Brighton/Newton submarket, which generally ranges from Central Route 128 to Boston's border. The following are the primary trends reported for the subject's submarket:

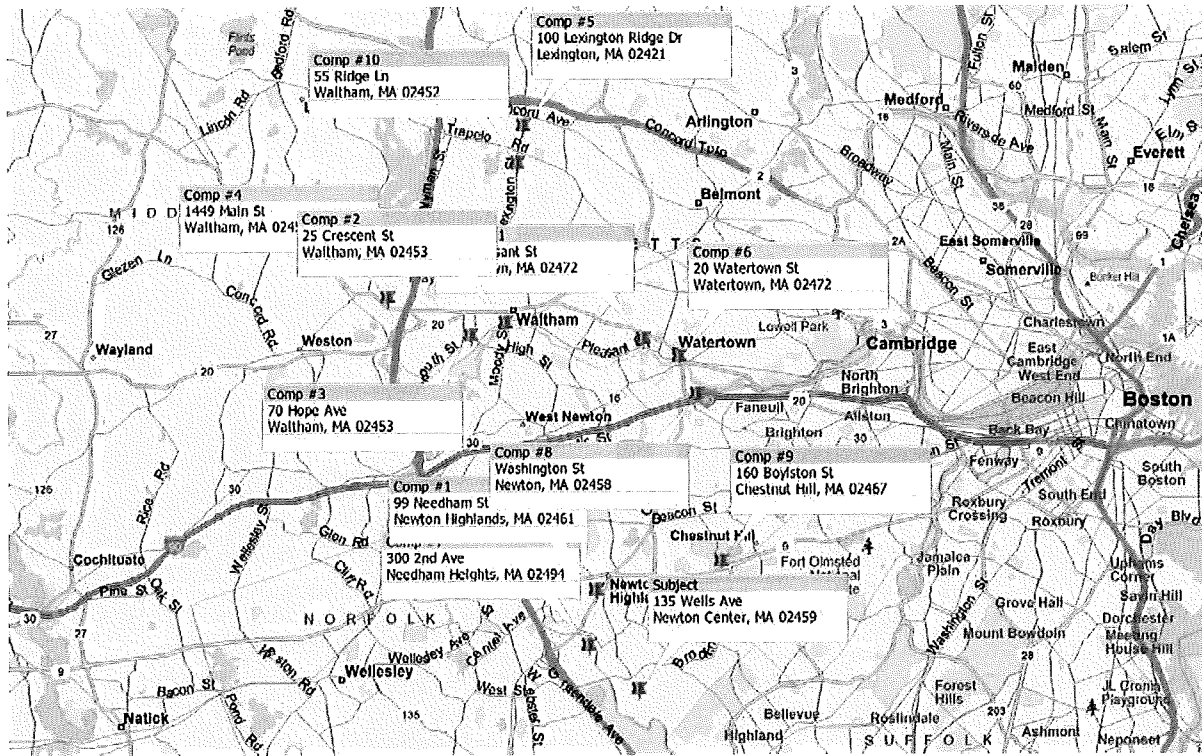
- The 17,942-unit Brookline/Brighton/Newton submarket had a 1<sup>st</sup> Quarter 2013 vacancy rate of 3.1%, and an average asking rent of \$1,995.
- The vacancy rate has changed little over the past two quarters.
- Year-over-year rents were up 2.7% asking and 2.7% effective. The average asking rent increases 0.9% during the quarter.

**Competitive Apartment Market Survey**

A search for comparable apartment properties has been undertaken within the defined primary and secondary market areas. Our focus was on sizable, new construction, mid-rise properties. The properties identified for comparison as market indicators have variations in specific locational characteristics, physical design, etc., and clearly illustrate the array of alternatives available to the targeted rental market consumers. It is interesting to note that there is a fairly narrow range of quality and market appeal in the newer rental developments, in part because relatively few development interests dominate this market, resulting in relatively homogenous product offerings. Despite the product similarities, some properties bracket the low-end of the market rent range, while others bracket the high-end. Given the attributes of the subject site -- a Newton location with Route 128 accessibility -- we would expect a well-designed and well executed development at the subject site to position at the upper end of the market.

The following location map identifies the subject site and each of the selected comparable apartment complexes. Individual spreadsheets summarize each of the identified developments. The summaries include an indication of rents per month and per SF by unit type, a brief property description, and representative photograph(s). Subsequently presented is a discussion of our findings

### COMPETITIVE APARTMENT LOCATION MAP



APARTMENT RENT COMPARABLE #1

AVALON NEWTON HIGHLANDS



Description

Address:	99 Needham Street, Newton, MA
Distance from Subject:	2.0 miles
Number of Buildings:	1 building, constructed in 3 phases
Stories/Building:	4 Stories
Number of Units:	294 units
Age/Last Renovation:	2003
Elevator/Walk up:	Elevator
Handicap Accessible	Yes

General Comments: This new 294-unit apartment complex was completed in 2003 and is currently 98% occupied. Units include granite countertops, Whirlpool appliances (not stainless), electric ranges, breakfast bars, tile baths, full size washer and dryer, all units have patios or balconies. Amenities include concierge, resident lounge with billiards, game room with big screen TV, and community kitchen, indoor children's playroom with movie, reading, and arts and crafts area, outdoor basketball court with adjoining barbeque/picnic area, a fitness center and 520 parking spaces (404 underground). In addition, the complex has four themed courtyards: pool & spa, putting green, playground, and reading/meditation garden

AVALON NEWTON HIGHLANDS (Cont')

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Microwave	X		Pets Allowed	X	
Washer/Dryer Provided	X		Children Allowed	X	
Eat In Kitchen	X		Business Center	X	
Washer/Dryer Hook-ups	X		Outdoor Pool	X	
Garbage Disposal	X		Indoor Pool		X
Dishwasher	X		Basketball Court	X	
Fireplace		X	Jacuzzi Spa	X	
Vaulted Ceilings		X	Exercise Room	X	
Walk-in Closets	X		Playground	X	
Balcony/Patio (all)	X		Covered Parking	X	X
Security System	X		Security	X	
Air Conditioning (Central)	X		Other: Community Room	X	
Cable Ready	X		Other: Media Room	X	

RENT ADJUSTMENTS	TYPE	LANDLORD	TENANT
Heat			X
Hot Water			X
Electric			X
A/C			X
Parking: One parking space is included in the rent	Second space available Underground Garage \$150/month		X

AVALON NEWTON HIGHLANDS (Cont')Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio	6	570		1	\$1,600	\$1,700	\$2.81	\$2.98
1-Bedroom	90	818	987	1	\$2,670	\$2,950	\$3.26	\$2.99
2-Bedroom	139	929	1,367	2	\$3,580	\$4,200	\$3.85	\$3.07
3-Bedroom	59	1,330	1,729	2	\$3,365	\$4,600	\$2.53	\$2.66
Total Units	294							

Parking: Rent includes one parking space; 2<sup>nd</sup> spaces available at an extra charge of \$150/space per month. Two pets maximum. Additional charge \$65 per month.

Vacancy Rate: 98% (3 units vacant). 24 units/month absorption in initial lease up

Rental Concessions: No concessions being offered

Verified with (Name, Phone):  
Date:

On-site manager, 617-332-9332  
July 2013

## APARTMENT RENT COMPARABLE #2

## CRONIN'S LANDING

**Description**

Address:	25 Crescent Street, Waltham, MA
Distance from Subject Site:	10.0 miles
Number of Buildings:	Three connected
Stories/Building:	4/5 Stories – Mid-Rise Brick
Number of Units:	281
Age/Last Renovation:	1998
Elevator/Walk up:	Elevator

**General Comments:** This recently constructed property is located along the Charles River in downtown Waltham. It enjoys proximity to shops, restaurants and a movie cinema, as well as public transportation. Amenities at the property include the riverfront park, 24-hour concierge, indoor parking, and a fitness room. One reserved parking garage space is included in the rent (the underground garage has direct elevator access into the building; there is no surface parking) and extra spaces rent for \$110 per month. The units each have a dishwasher, disposal, microwave, full-sized washer/dryer machines, and high-speed internet lines. Many units have bay windows, balconies or brick patios. Building security includes entry by electronic access key. Several units are set aside for occupancy as furnished 'corporate' units at higher rates. The property opened in February 1998 and reportedly attained 98% occupancy within twelve months, absorption of 23 units/month.

CRONIN'S LANDING (Cont'd)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen		GALLEY	Outdoor Pool		X
Dishwasher	X		Indoor Pool		X
Garbage Disposal	X		Tennis Court		X
Microwave	X		Jacuzzi/Whirlpool		X
Washer/Dryer Machines	X		Exercise Room	X	
Washer/Dryer Hook-ups		X	Playground		X
TV Monitor Security		X	Covered Parking	X	
Security System/Alarm	X		Laundry Facilities		X
Cable Ready	X		Private Storage Bins		SOME
High-speed Internet Access	X		Security		X
Walk-in Closets	X		Concierge	X	
Balcony/Patio	X		Walk to CBD amenities	X	
Fireplace		X	Walk to "T" train stop	X	
Central HVAC	X		Other: River Deck	X	

Unit Data and Rental Income:

RENT ADJUSTMENTS	TYPE	LANDLORD	TENANT
Heat	Gas	X	
Hot Water		X	
Electric			X
A/C			X
Parking: One space included, addition garage space for \$110/month			X



CRONIN'S LANDING (Cont'd)Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom		693	920	1	\$1,995	\$2,300	\$2.88	\$2.50
1-Bedroom Den		847	1,000	1	\$2,411	\$2,729	\$2.85	\$2.73
2-Bedroom		1,000	1,320	2	\$2,425	\$2,626	\$2.43	\$1.99
2-Bedroom Den		1,452	1,932	2	\$2,700	\$3,369	\$1.86	\$1.74
3-Bedroom								
Total Units	281							

Vacancy Rate: 93%Current Rental Concessions: This complex is not currently offering any type of rental concession.Fees: Application Fee \$50; Community Fee \$400; Pet Fee \$45/mo for a cat and \$55/mo for dog. Maximum 2 pets per apartment. Extra space \$150/mo.

Verified with (Name, Phone):

Janet, 781-209-2900

Date:

July, 2013

APARTMENT RENT COMPARABLE #3

**LONGVIEW PLACE**



Description:

Address:	60,70 & 80 Hope Avenue, Waltham
Number of Buildings:	Three
Stories:	6-stories
Number of Units:	348
Year Built:	2004

This property consists of (3) 6-story attached mid-rise apartment buildings, which opened for occupancy (phased by building) between September 2004 and February 2005. It has underground garage parking and surface parking. The property is positioned on a hilltop, with views of the surrounding treetops. A bus stop is located near the site (MBTA commuter rail stops are located approximately one mile away). Common amenities on-site include a clubhouse, resident lounge with large-screen TV, a business center, and concierge (from 7 am to 7pm).

The residences' interior finish includes carpeting throughout the living area and bedrooms, Pergo wood flooring in the kitchens, ceramic tile flooring in the bathrooms, laminate kitchen countertops, and black appliances. Washer and dryer machines are located in each unit.

**Longview Place (Cont'd)**

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool		X
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		X
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center	X	
High-speed Internet Access	X		Covered Parking <sup>(1)</sup>	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio		X	Private Storage		
Fireplace		X	Security		
Air Conditioning (wall-thru)	X		Concierge (12-hr.)	X	
Other: Pet friendly	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to 'T' stop (bus)		X
Other: NA			Other:		X

Initial/Amenity Fee: None

(1) Garage parking is \$85/month, surface parking \$35/month

Unit Data and Rental Income:

Utilities Included in the Rent:

Heat, hot water, cold water/sewer, AC (tenant pays electric, including cooking).

Current Concessions Offered:

None

Current Occupancy Rate:

95%

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom	116	721	1,007	1	\$1,955	\$2,105	\$2.71	\$2.09
1-Bedroom +Den	42	1,015	1,030	1	\$2,190	\$2,300	\$2.16	\$2.23
2-Bedroom	166	1,050	1,350	2	\$2,360	\$2,675	\$2.25	\$1.98
2-Bedroom +Den	9	1,321	1,398	2	\$3,255	\$3,295	\$2.46	\$2.36
3-Bedroom	15	1,516	1,518	2	\$2,440		\$1.61	

Surveyed: July 2013 (Nick, 781-894-5500)

## APARTMENT RENT COMPARABLE #4

**AVALON AT BEAR HILL**Description

Address:	1449 Main Street, Waltham, MA
Distance from Subject:	8.8 miles
Number of Buildings:	28
Stories/Building:	2 and 3 stories
Number of Units:	348
Age/Last Renovation:	1998
Elevator/Walk up:	Walk Up
Handicap Accessible	Yes (ground floor)

General Comments:

This multiple building complex is positioned up on a wooded hill, with gated access, in close proximity to Route 128 (I-95). It is approximately 1.5 miles to a supermarket and approximately two miles to the town center (Moody Street's restaurants, cinema, and MBTA station). Common area amenities include a resort-style outdoor swimming pool and sundeck, a fitness center, a clubhouse with function room and computer workstations. Included in the rent is a surface parking space plus a private garage (some attached and some detached).

The property is comprised of a mix of flat-layout and two-level units. The residences' interior finish includes carpeting throughout the living areas and bedrooms, linoleum flooring in the kitchens, laminate kitchen countertops, and white appliances. Full-sized washer and dryer machines are provided in each unit. They feature private balconies and walk-in closets. Some have panoramic views of the surrounding area.

**Avalon Bear Hill (Cont'd)**

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center		X
High-speed Internet Access	X		Covered Parking <sup>(1)</sup>	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	X		Private Storage		
Fireplace		X	Security	X	
Air Conditioning	X		Concierge		X
Other: Pet friendly <sup>(2)</sup>	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to 'T' stop		X
Other: NA			Other: Media rm./Theater.	X	

(1) Parking included (no additional cost).

(2) Pets - \$75/month/cat or dog. Two per apartment.

**Unit Data and Rental Income:**

Utilities Included in the Rent: None (tenant pays heat, hot water, &amp; electricity)

Current Concessions Offered: None

Current Occupancy Rate: 96±%

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom (flat)		790	955	1	\$2,057	\$2,270	\$2.60	\$2.38
1-BR +Den (flat)		1051	1,114	1	\$2,270	\$2,388	\$2.16	\$2.14
2-Bedroom (flat)		1,242	1,314	2	\$2,637	\$3,252	\$2.12	\$2.47
2-BR +Den (flat) & 2-BR +Loft (2-sty)		1,514	1,589	2	\$3,038	\$4,349	\$2.01	\$2.74
3-BR +Den (2-sty)		1,702		2.5	\$4,550		\$2.67	

Verified with (Name, Phone):

On-site manager, 781-209-2001

Date:

July, 2013

APARTMENT RENT COMPARABLE #5  
**AVALON AT LEXINGTON**



Description

Address:	100 Lexington Ridge Drive, Lexington, MA
Distance from Subject:	12.6 miles
Number of Buildings:	7
Stories/Building:	3.0 stories
Number of Units:	198
Age/Last Renovation:	1994
Elevator/Walk up:	Walk-up
Handicap Accessible	Yes – Ground floor units

General Comments: The property is located near the intersection of Routes 128 and 2 in Lexington, Massachusetts.

This suburban complex offers a full amenity package including a fitness center, internet business center, outdoor pool and an indoor basketball/volleyball court.

AVALON AT LEXINGTON, (CON'T)

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Microwave	X		Pets Allowed	X	
Washer/Dryer Provided	X		Children Allowed	X	
Eat In Kitchen		X	Business Center	X	
Washer/Dryer Hook-ups	X		Outdoor Pool	X	
Garbage Disposal	X		Indoor Pool		X
Dishwasher	X		Tennis Court		X
Fireplace (some)	X		Jacuzzi		X
Vaulted Ceilings (some)	X		Exercise Room	X	
Walk-in Closets	X		Playground	X	
Balcony/Patio	X		Covered Parking	X	
Security System	X		Security	X	
Air Conditioning (central)	X		Other: Elevator		X
Ceramic Tile		X	Other: Community Room	X	
Cable Ready	X		Other: ½ Court Basketball court	X	

RENT ADJUSTMENTS	TYPE	LANDLORD	TENANT
Heat			X
Hot Water			X
Electric			X
A/C			X
Parking	Surface space are free	X	
Other Covered Parking	Garage \$175/month Carport \$100/month		X

AVALON AT LEXINGTON, (CON'T)Unit Data and Rental Income:

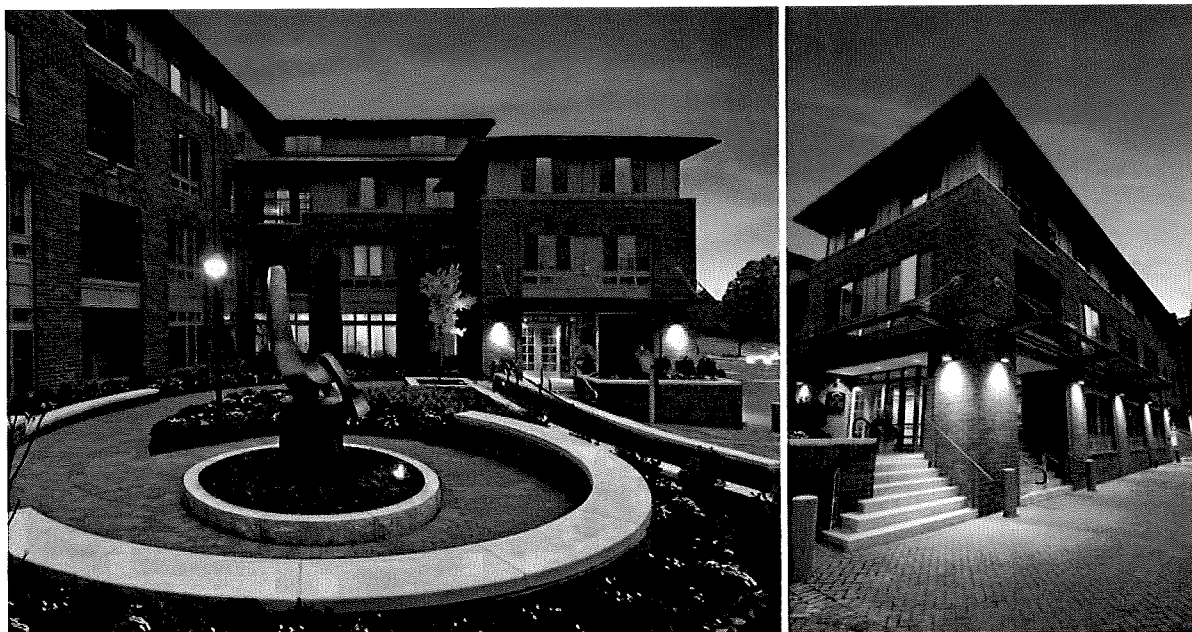
Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom		853	1,045	1	\$1,800	\$2,000	\$2.11	\$1.91
2-Bedroom		920	1,350	1-2	\$2,385	\$2,825	\$2.59	\$2.09
3-Bedroom		1,298	1,298	2	\$2,940	\$3,065	\$2.27	\$2.36
Total Units	198							

Vacancy Rate: 95%Rental Concessions: NoneVerified with (Name, Phone):  
Date:Josh, 781-861-6700  
July, 2013



## APARTMENT RENT COMPARABLE #6

## ARCHSTONE WATERTOWN SQUARE

Description

Address:	20 Watertown Street, Watertown, MA
Distance from Subject:	10.8 miles
Number of Buildings:	1 building, constructed in 3 phases
Stories/Building:	4 Stories
Number of Units:	134 units
Age/Last Renovation:	2004-2005
Elevator/Walk up:	Elevator
Handicap Accessible	Yes

This newly constructed apartment property opened in three phases, with the first occupancies commencing October 1, 2004. The complex was completed in January 2005. It is located at the corner of Watertown and Galen Streets in Watertown Square. The Square offers convenient access to Express MBTA bus service into Boston or quick access to the Massachusetts Turnpike for drivers. There are numerous retailers and restaurants in the immediate area. The apartment property has an underground garage (spaces available for \$125/month; or \$200/month for tandem spaces), and private storage spaces are available for \$35 to \$125/month (varying by size). Common amenities include a fitness center, internet café, media screening room, and on-site management during the weekdays. There is a one-time 'amenity fee' of \$400 (and small pets are allowed for a fee of \$300 plus \$35-\$50/month). The residential units have 9-foot high ceilings, full-sized washer and dryer, stainless steel kitchen appliances, granite countertops, and wall-to-wall carpeting.

ARCHSTONE WATERTOWN SQUARE (Cont')

<u>APARTMENT FEATURES</u>	<u>YES</u>	<u>NO</u>	<u>PROJECT AMENITIES</u>	<u>YES</u>	<u>NO</u>
Microwave	X		Pets Allowed	X	
Washer/Dryer Provided	X		Children Allowed	X	
Eat In Kitchen		X	Business Center	X	
Washer/Dryer Hook-ups	X		Outdoor Pool		X
Garbage Disposal	X		Indoor Pool		X
Dishwasher	X		Tennis Court		X
Fireplace		X	Jacuzzi		X
Vaulted Ceilings		X	Exercise Room	X	
Walk-in Closets	X		Playground		X
Balcony/Patio (some)	X		Covered Parking	X	X
Security System	X		Security	X	
Air Conditioning (Central)	X		Other: Community Room	X	
Cable Ready	X		Other: Media Room	X	

<u>RENT ADJUSTMENTS</u>	<u>TYPE</u>	<u>LANDLORD</u>	<u>TENANT</u>
Heat			X
Hot Water		X	
Electric			X
A/C			X
Parking: One space is included in the rent.	Underground Garage \$125/month for second space		X

ARCHSTONE WATERTOWN SQUARE (Cont')Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio	20	698	767	1	\$1,985	\$2,000	\$2.84	\$2.61
1-Bedroom		767	845	1	\$2,100	\$2,400	\$2.74	\$2.84
1-Bedroom-Den			1,135	1		\$2,600		\$2.29
2-Bedroom		1,152	1,243	2	\$3,100	\$3,500	\$2.69	\$2.82
2-Bedroom-Den			1,328	2		\$3,700		\$2.79
	134							

Vacancy Rate: 98%Rental Concessions: None.

Pets: Dogs and cats are allowed. Dog's weight limited to 35 pounds, maximum two dogs per apartment, \$75 per month. Cat's weight limited to 35 pounds, maximum two cats per apartment, \$75 per month.

Verified with (Name, Phone):  
Date:

On-site manager, 617-923-6444  
July, 2013

## APARTMENT RENT COMPARABLE #7

**CHARLES RIVER LANDING**Description:

Address:	300 Second Street, Needham
Number of Buildings:	One
Stories:	4-stories
Number of Units:	350
Year Built:	2010

This 350-unit apartment building opened in January 2010. It is located within the New England Business Center office and industrial park, which consists primarily of one- and two-story office, R&D or light-industrial buildings (housing such corporations as General Dynamics, Parametric Technologies, etc. as well as Mulberry Day Care Center and a Gold's Gym, and a 250-room Sheraton Hotel), interspersed with trees and landscaping. The northerly side of the apartment complex site is wooded, with the Charles River abutting beyond. The location is off Highland Avenue, to the west of its juncture with Route 128 (I-95). The highway access is approximately a half mile from the property. There are numerous retailers and restaurants along the well-travelled Highland Avenue and its connecting Needham Street (which provides a link to Route 9). The closest MBTA station is just over 1½ miles away (in Needham Highlands on the opposite side of Route 128), and a bus stop is nearby.

Charles River Landing's on-site amenities an outdoor heated swimming pool, a dual sided fireplace (facing indoors to the clubhouse and out to the pool courtyard), a small theater/media room (with Wii and PS3), a sports lounge with billiards, a conference room, a fitness center, and outdoor barbeque grills. Management is on site every day, with security on site in the evenings. The property offers one free garage parking space (assigned spaces for \$75/month; and second spaces are available for free in the surrounding surface lot or for \$225 in the garage).

The residences' interior finish includes engineered wood flooring in the living area, stone tile flooring (travertine) in the entryway, kitchen and bathroom, carpeting in the bedrooms, granite kitchen countertops, and stainless steel appliances. Washer and dryer machines are located in each unit.

**Charles River Landing (Cont'd)**

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen			Pool – outdoor	X	
Dishwasher	X		Jacuzzi/Whirlpool or Sauna		
Garbage Disposal	X		Fitness Center	X	
Microwave	X		Tennis Court		X
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines			Clubroom/Lounge	X	
Cable Ready or Satellite Dish			Business Center (conference rm.)	X	
High-speed Internet Access	X		Covered Parking <sup>(1)</sup>	X	
Walk-in Closets	X		Laundry Facilities		
Balcony/Patio	FEW		Private Storage		
Fireplace		X	Security	X	
Air Conditioning	X		Concierge		X
Other: Pet friendly <sup>(2)</sup>	X		Walk to CBD Amenities/Stores:	X	
Other: NA			Walk to "T" stop		X
Other: NA			Other: Media room	X	

Initial/Amenity Fee: None

(1) Garage parking included (2<sup>nd</sup> space free outdoors or \$225 for garage space).

(2) Pet fees – Refundable deposit (\$150/cat; \$300/dog), plus \$35-\$65/cat/mo. or \$50-\$75/dog/mo. (2 pets max.)

Unit Data and Rental Income:

Utilities Included in the Rent: None (tenant pays gas heat, hot water, cold water/sewer, & electric).

Current Concessions Offered: None.

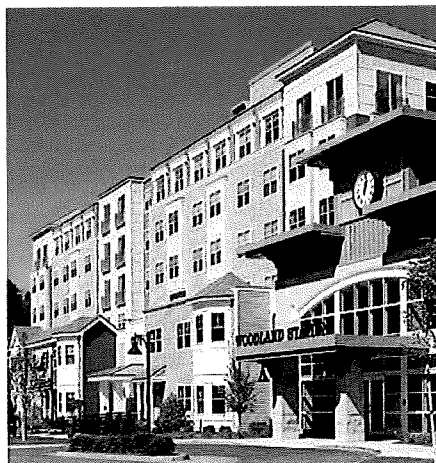
Current Occupancy Rate: 98%

UNIT MIX	#	SIZE (SF)	BATH	RENT/MONTH	RENT/SF
1-Bedrooms	252	792-1,130	1.0	\$2,530-\$2,890	\$2.56-\$3.19
1-BR w/terrace		1,316		\$3,100-\$3,200	\$2.36-\$2.43
1-BRs +Study		1,120-1,130	1.0	\$2,870-\$3,115	\$2.56-\$2.76
2-Bedrooms	98	1,139	1.0	NA	NA
2-Bedrooms		1,379-1,588	2.0	\$3,665-\$4,683	\$2.66-\$2.95
2-BR w/terrace		1,588	2.0	\$3,995-\$4,830	\$2.52-\$3.04

Note: The largest 1-br & 2-br models have a separate dining room and a terrace (the range is approximately 100 sf less for those without).

Surveyed: July 2013 (781-444-7483)

APARTMENT RENT COMPARABLE #8  
**ARBOR POINT WOODLAND STATION**



Description

Address:	1940 Washington Street
Distance From Subject:	5.5 miles
Number of Buildings:	2
Stories/Building:	6
Number of Units:	180
Age/Last Renovation:	2007
Elevator/Walk up:	Elevator

General Comments: This 180-unit apartment property at the Woodland MBTA Station in Newton opened in August 2007. The site is set off Washington Street (Route 16), across the street from the Woodland Country Club and very close (within ¼-mile) of the Newton Wellesley Hospital. There are no retailers within a short walking distance. A new MBTA 550-vehicle structured parking garage is now located at the far end of the site (replacing the former surface parking utilized by T riders, and now occupied by housing). The apartment complex is comprised of two elongated 6-story buildings and a centrally adjoining 2-story structure with a clock tower. The six stories have elevator access (from three lobbies) and include two levels of structured garage parking and four residential floors above. There are two-story town-house style units set along the building front. Of the 180 units, 20% are affordable and 80% market-rate. The central structure houses the management office and common amenities, including a business center, resident lounge and kitchen, and a fitness center. Outdoor amenities include a picnic area and a swimming pool (set toward the front of the site). There are 20 surface parking spaces for guest and 295 covered parking spaces for residents (one space included in the rent; second spaces available for \$150/month). There is no amenity fee. A cat or dog is permitted (a dog is \$65/month and a cat is \$35/month). The residential units have fully applianced kitchens (stainless steel GE brand), full-sized washer and dryer, wall-to-wall carpeting throughout the living areas and bedrooms, ceramic tile flooring in the kitchens and bathrooms, cherry finish cabinets and granite countertops in the kitchens and bathrooms. Approximately 33% of the market-rate units were reported to be pre-leased by opening.

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Eat-in Kitchen		X	Pool - outdoor	X	
Dishwasher	X		Tennis Court		X
Garbage Disposal	X		Jacuzzi/Whirlpool		
Microwave	X		Fitness Center	X	
Washer/Dryer Machines	X		Playground		X
Hook-ups for Laundry Machines	X		Business Center	X	
Security System (CCTV &/or Alarm)			Covered Parking <sup>(1)</sup>	X	
Cable Ready or Satellite Dish	X		Laundry Facilities		
High-speed Internet Access	X		Private Storage		
Walk-in Closets	SOME		Security		
Balcony/Patio	MANY		Concierge		
Fireplace		X	Walk to CBD Amenities/Stores:		X
Air Conditioning - central	X		Walk to 'T' stop	X	
Other:			Other: Community room; Business Center.	X	

(1) Rent includes 1 covered parking space (2<sup>nd</sup> spaces available for \$155/month).

RENT ADJUSTMENTS	TYPE	LANDLORD	TENANT
Heat			X*
Hot Water			X*
Electric			X
A/C			X
1 space per apartment is included in rent	Second available for \$155/month		

\* Tempered water for heat pump system (for heat, tenant pays the distribution fan and running the heat pump).

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom	60	726	1004	1	\$2,350	\$2,650	\$3.24	\$2.64
1-Bedroom +Den	15	924	1,144	1	\$2,750	\$3,185	\$2.98	\$2.78
2-Bedroom	82	1,094	1,282	2	\$3,150	\$3,390	\$2.88	\$2.64
Townhouse 2-Br	13	1,220	1,352	2.5	\$3,525	\$3,750	\$2.89	\$2.77
Townhouse 3-Br	9	1,687	1,770	2.5	\$4,310	\$4,525	\$2.55	\$2.56
Total Units	179							

Unit Data and Rental Income:

Utilities Included in the Rent: Tempered water for heat pump system (for heat, tenant pays the distribution fan and running the heat pump).

Current Concessions Offered: None

Current Occupancy Rate: 98%

Verified with (Name, Phone):

On-site manager, 617-969-1200

Date:

July, 2013



APARTMENT RENT COMPARABLE #9

**AVALON CHESTNUT HILL**



**Description**

Address:	160 Boylston Street, Newton, MA
Distance from Subject:	4.0 miles
Number of Buildings:	3
Stories/Building:	5
Number of Units:	163
Age/Last Renovation:	2006
Elevator/Walk up:	Elevator

**General Comments:** Class A luxury apartment community located on Route 9 (Boylston Street). The complex's unit mix includes studio, 1, 2, and 3 bedroom units situated in several 5 story wood frame structures. Amenities include a fitness center, outdoor pool, underground parking, resident study and lounge, tot lot and on site concierge. Apartment finishes include gas stoves, full-size washer and dryer, ceramic tile in foyers and kitchen, cherry cabinets, patio or balcony, and central air conditioning.

AVALON CHESTNUT HILL (Cont'd)

<u>APARTMENT FEATURES</u>	<u>YES</u>	<u>NO</u>	<u>PROJECT AMENITIES</u>	<u>YES</u>	<u>NO</u>
Eat-in Kitchen	X		Outdoor Pool	X	
Dishwasher	X		Indoor Pool		X
Garbage Disposal	X		Tennis Court		X
Microwave	X		Jacuzzi/Whirlpool		X
Washer/Dryer Machines	X		Exercise Room	X	
Washer/Dryer Hook-ups			Playground	X	
TV Monitor Security	X		Covered Parking	X	
Security System/Alarm	X		Laundry Facilities		
Cable Ready	X		Private Storage Bins		
High-speed Internet Access	X		Security	X	
Walk-in Closets	X		Concierge	X	
Balcony/Patio	X		Walk to CBD amenities		X
Fireplace		X	Walk to "T" train stop	X	
Central HVAC	X		Other: Pets (\$50/month)	X	

Unit Data and Rental Income:

<u>RENT ADJUSTMENTS</u>	<u>TYPE</u>	<u>LANDLORD</u>	<u>TENANT</u>
Heat			X
Hot & Cold Water			X
Electric			X
A/C			X
Parking: One space included for smaller units, 2 spaces included for 2 & 3 bedroom units, additional garage space for \$125/month			

AVALON CHESTNUT HILL (Cont'd)Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio	4	390	691	1.0	\$1,600	\$1,800	\$4.10	\$2.60
1-Bedroom	36	935	1,357	1.0	\$2,475	\$2,925	\$2.65	\$2.16
2-Bedroom	114	1,040	1,759	1.0-2.0	\$2,850	\$3,600	\$2.74	\$2.05
3-Bedroom	50	1,430	1,955	2.0	\$4,400	\$4,800	\$3.08	\$2.46
Total Units	204							

Occupancy Rate: 95% to 98%  $\pm$ Current Rental Concessions: This complex is not currently offering any type of rental concession.

Verified with (Name, Phone):  
Date:

On-site manager, 617-202-3276  
July 2013

## APARTMENT RENT COMPARABLE #10

**THE RIDGE**Description

Address:	55 Ridge Lane, Waltham, MA
Distance from Subject:	12.9 miles
Number of Buildings:	7
Stories/Building:	3 & 4 Stories
Number of Units:	264 units
Age/Last Renovation:	2005
Elevator/Walk up:	Elevator
Handicap Accessible	Yes

General Comments: The Ridge is a 264 unit Class A apartment complex constructed in 2005. Project amenities include an outdoor pool, fitness center, business center with free Wi-Fi access, attached and detached garages, tenant storage units, clubhouse. Unit amenities include 9ft ceilings, balconies, full size washers/dryers, gas fireplaces (some units), walk-in closets, wall-to-wall carpet, full-size energy star appliances including a refrigerator with ice maker, microwave, dishwasher, garbage disposal, and self-cleaning oven.

THE RIDGE (Cont')

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Microwave	X		Pets Allowed	X	
Washer/Dryer Provided	X		Children Allowed	X	
Eat In Kitchen		X	Business Center	X	
Washer/Dryer Hook-ups	X		Outdoor Pool	X	
Garbage Disposal	X		Indoor Pool		X
Dishwasher	X		Tennis Court		X
Fireplace (some)	X		Jacuzzi		X
Vaulted Ceilings		X	Exercise Room	X	
Walk-in Closets	X		Playground	X	
Balcony/Patio	X		Covered Parking	X	
Security System	X		Security	X	
Air Conditioning (Wall through/Central)	X		Other: Business Center	X	
Cable Ready	X		Other: Clubhouse	X	

RENT ADJUSTMENTS	TYPE	LANDLORD	TENANT
Heat			X
Hot Water			X
Electric			X
A/C			X
Parking: Surface parking is free.	Attached Garage \$200/month Detached Garage \$150/month		

THE RIDGE (Cont')Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
1-Bedroom	139	786	853	1	\$2,003	\$3,026	\$2.55	\$3.55
2-Bedroom	125	1,068	1,242	2	\$2,285	\$2,897	\$2.14	\$2.33
Total Units	264							

Occupancy Rate: 98%Rental Concessions: NonePets: Two per apartment. \$25/month for a cat and \$50/month for a dog.Verified with (Name, Phone):  
Date:On-site manager, 781-894-7300  
July, 2013

APARTMENT RENT COMPARABLE #11  
RIVERBEND ON THE CHARLES



Description

Address:	270 Pleasant St., Watertown, MA
Distance from Subject:	11.6 miles
Number of Buildings:	2
Stories/Building:	4 Stories
Number of Units:	101 units
Age/Last Renovation:	2013
Elevator/Walk up:	Elevator
Handicap Accessible	Yes

General Comments: New Class A mid-rise development with 170 units located adjacent to the Charles River. The first tenant moved in on May 2013 and there are now approximately 71 units leased (40 occupied). The first phase of construction is expected to be fully completed by approximately December 2013. Project amenities include a community center with club room, billiards lounge, fitness center, sundeck outdoor heated pool and garage parking. Unit amenities include stained wood cabinetry, quartz countertops, stainless steel appliances, fireplaces (some), in-unit washer/dryer, and hardwood floors.

RIVERBEND ON THE CHARLES (Cont')

APARTMENT FEATURES	YES	NO	PROJECT AMENITIES	YES	NO
Microwave	X		Pets Allowed	X	
Washer/Dryer Provided	X		Children Allowed	X	
Eat In Kitchen (some)	X		Business Center	X	
Washer/Dryer Hook-ups	X		Outdoor Pool	X	
Garbage Disposal	X		Indoor Pool		X
Dishwasher	X		Tennis Court		X
Fireplace (some)	X		Jacuzzi		X
Vaulted Ceilings		X	Exercise Room	X	
Walk-in Closets	X		Playground		X
Balcony/Patio (some)	X		Covered Parking	X	
Security System	X		Security	X	
Air Conditioning (Central)	X		Other: Community Room	X	
Cable Ready	X		Other: Sundeck	X	

RENT ADJUSTMENTS	TYPE	LANDLORD	TENANT
Heat			X
Hot Water			X
Electric			X
A/C			X
Parking: One space is included.	A second space is \$125/month		



RIVERBEND ON THE CHARLES (Cont')Unit Data and Rental Income:

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio		614	667	1	\$1,850	\$2,030	\$3.01	\$3.04
1-Bedroom		767	968	1	\$2,068	\$2,670	\$2.70	\$2.76
2-Bedroom		1,132	1,326	2	\$2,650	\$3,415	\$2.34	\$2.58
Total Units	170							

Vacancy Rate: N/A

Rental Concessions: Just ended free rent program for 1 bedroom units. Currently offering \$1,500 off first month's rent for two bedroom unit.

Pet: \$65/month with a max of 2 pets per apartment

Verified with (Name, Phone):  
Date:

On-site manager, 617-300-0406  
July, 2013

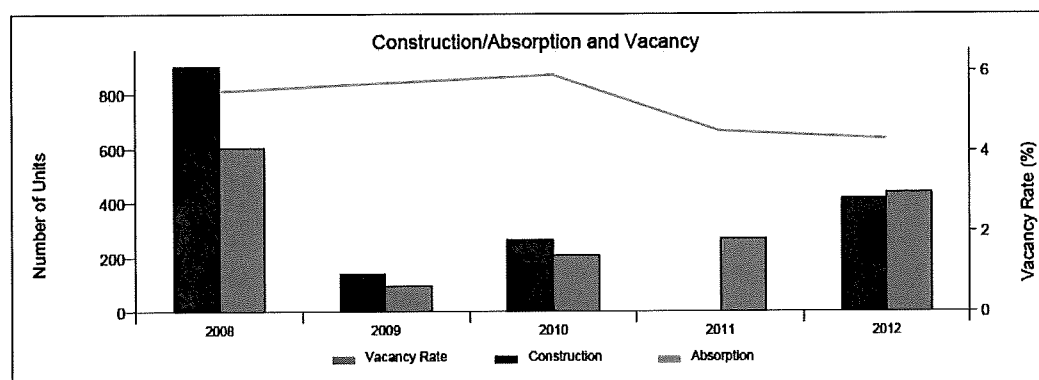
## Proposed Additions to Supply - Construction and Absorption

Reis reports the subject's Brookline/Brighton/Newton submarket had no new inventory in the first quarter of 2013. (see tables below). Over the last 12 months, only 88 units were delivered and over the last three years, the submarket averaged only 29 units a year of new supply

Construction and Absorption

	Quarterly								
	1Q13			4Q12			YTD Avg		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
	0	0	0.0	418	295	1.4	0	0	0.0
West/NW Suburban Boston	246	283	0.9	721	770	0.9	246	283	0.9
Average over period ending:	03/31/13	03/31/13	03/31/13	12/31/12	12/31/12	12/31/12	03/31/13	03/31/13	03/31/13

	Annualized								
	1 Year History			3 Year History			5 Year History		
	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio	Units Built	Units Absorbed	Con/Abs Ratio
	418	438	1.0	227	305	0.7	344	322	1.1
West/NW Suburban Boston	1,285	1,982	0.6	1,051	2,803	0.4	2,245	2,956	0.8
Average over period ending:	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12	12/31/12



## Rental Apartment Survey Findings

This section summarizes and compares the data for each of the comparable apartment properties included in our survey. Project amenities, unit sizes, mix of unit type, rents, concessions, etc., are discussed separately below. Summary tables profiling each attribute studied provide a succinct view of the competitive product.

### UNIT MIX AND UNIT SIZE

The most widely offered unit types in the suburban market are one and two-bedroom units (with somewhat more one bedroom than two-bedroom units overall), with a few studios (found at only 2 properties) and a few three-bedroom units (found at only 3 properties). The larger unit types are primarily found in those properties targeting a luxury price tier or those offering duplex style units.

Typical unit sizes range from approximately 541 to 733 for studios (averaging 621 SF), 820 to 1,146 square feet for one-bedrooms (averaging 949 SF), from approximately 1,135 to 1,426 square feet for two-bedrooms (averaging 1,279 SF) and from 1,298 to 1,729 square feet for three-bedrooms (averaging 1,553 SF). A more narrowed recommendation for units at the subject site would be approximately 600-700 square feet for studio units (5% of the mix), 850-950 square foot one-bedrooms (40% to 50% of the mix), 1,100-1,300 square foot two-bedrooms (40% to 50% of the mix), and 1,400-1,600 square foot three-bedrooms (5% of the mix).

### MARKET SURVEY – AVERAGE UNIT SIZE (SF)

Apartment Name	# Units	Studio	1 BR	2 BR	3 BR
		Avg. SF	Avg. SF	Avg. SF	Avg. SF
1 - Avalon at Newton Highlands, Newton	294	570	903	1,148	1,530
2 - Cronin's Landing, Waltham	281	--	865	1,426	--
3 - Longview Place, Waltham	348	--	943	1,280	1,517
4 - Archstone Bear Hill, Waltham	348	--	978	1,415	--
5 - Avalon at Lexington, Lexington	198	--	949	1,135	1,298
6 - Archstone Watertown Sq., Watertown	0	733	916	1,241	--
7 - Charles River Landing, Needham	350	--	1,099	1,404	--
8 - Arbor Point Woodland Station, Newton	179	--	950	1,237	1,729
9 - Avalon Chestnut Hill, Newton	163	541	1,146	1,400	1,693
10 - The Ridge, Waltham	264	--	820	1,155	--
11 - Riverbend on the Charles, Watertown	170	641	868	1,229	--
<b>Total/Averages</b>	<b>236</b>	<b>621</b>	<b>949</b>	<b>1,279</b>	<b>1,553</b>

## PROJECT AMENITIES AND IN-UNIT FEATURES

As shown on the accompanying summary table of primary project amenities, these most often include a fitness center/exercise room (with equipment) and a residents' community room (either a clubhouse, library, function room or business center), and a swimming pool (the latter offered at all but two of the identified properties). Community space helps to distinguish the property and can be a helpful marketing vehicle most of the comparables examined both community rooms and business centers.

### MARKET SURVEY – COMPLEX AMENITIES

<u>Apartment Name</u>	<u>Pool</u>	<u>Elevator</u>	<u>Fitness Center</u>	<u>Concierge</u>	<u>Community Room</u>	<u>Business Center</u>	<u>Air Conditioning</u>
1 - Avalon at Newton Highlands, Newton	X	X	X		X	X	Central
2 - Cronin's Landing, Waltham		X	X	X	X		Central
3 - Longview Place, Waltham		X	X	X	X	X	Central
4 - Archstone Bear Hill, Waltham	X		X		X	X	Central
5 - Avalon at Lexington, Lexington	X		X		X	X	Central
6 - Archstone Watertown Sq., Watertown		X	X		X	X	Central
7 - Charles River Landing, Needham	X		X		X	X	Central
8 - Arbor Point Woodland Station, Newton	X	X	X		X	X	Central
9 - Avalon Chestnut Hill, Newton	X	X	X	X			Central
10 - The Ridge, Waltham	X	X	X		X	X	Central
11 - Riverbend on the Charles, Watertown	X	X	X		X	X	Central

All of the properties but Bear Hill have a common parking garage, and most offer both underground and surface spaces. Evidence suggests that an average of 1.25 to 1.5 parking spaces per unit should be provided (although two spaces are needed for a three-bedroom unit) and that the suburban market expects one space to be conveyed in the overall rent with the second space charged separately in addition.

Unit floor finish at the identified properties typically includes ceramic tile in the bathrooms and tile or hardwood in kitchens with wall-to-wall carpeting throughout the balance. The market norm for unit finishes at high quality new properties in the market area now also typically includes granite countertops and wood panel high quality cabinets. Most developments aspire to clean-lines and a contemporary appearance. The subject property should be expected to offer a full kitchen appliance package (including dishwasher, microwave, etc.) and in-unit laundry machines or hookups.

Other features desired by many current buyers include recessed lighting, multiple high-speed telecommunication outlets, sizable closets and high ceilings. Private outdoor space (such as a balcony or patio) is generally desirable and typically offered. The older potential buyer group (downsizing empty-nesters) place more importance than others may on having attached garage parking and single-level living (they are greatly deterred from walk-up units).

### Market Survey – Unit Amenities

<u>Apartment Name</u>	<u>Microwave</u>	<u>Dishwasher</u>	<u>Washer/ Dryer</u>	<u>Walk-In- Closets</u>	<u>Balcony</u>
1 - Avalon at Newton Highlands, Newton	X	X	X	X	X
2 - Cronin's Landing, Waltham	X	X	X	X	X
3 - Longview Place, Waltham	X	X	X	X	X
4 - Archstone Bear Hill, Waltham	X	X	X	X	X
5 - Avalon at Lexington, Lexington	X	X	X	X	X
6 - Archstone Watertown Sq., Watertown	X	X	X	X	X*
7 - Charles River Landing, Needham	X	X	X	X	X*
8 - Arbor Point Woodland Station, Newton	X	X	X	X*	X*
9 - Avalon Chestnut Hill, Newton	X	X	X	X	X
10 - The Ridge, Waltham	X	X	X	X	X
11 - Riverbend on the Charles, Watertown	X	X	X	X	X*

\*some

### MARKET PRICING

Tenants pay for electricity costs at all of the comparable complexes (heat and hot water at most of the complexes). At Cronin's Landing, the landlord covers both heat and hot water costs. At comparables #3 and #6, the landlord pays for hot water only.

**LANDLORD PROVIDED UTILITIES**

<u>Apartment Name</u>	<u>Heat</u>	<u>Hot Water</u>
1 - Avalon at Newton Highlands, Newton		
2 - Cronin's Landing, Waltham	X	X
3 - Longview Place, Waltham		X
4 - Archstone Bear Hill, Waltham		
5 - Avalon at Lexington, Lexington		
6 - Archstone Watertown Sq., Watertown		X
7 - Charles River Landing, Needham		
8 - Arbor Point Woodland Station, Newton		
9 - Avalon Chestnut Hill, Newton		
10 - The Ridge, Waltham		
11 - Riverbend on the Charles, Watertown		

Only one of the eleven apartment complexes surveyed are currently offering some form of rent concession. Riverbend on the Charles is offering \$1,500 off the first month's rent for two bedroom units. This complex is in its initial lease up and this concession is short term.

**RENT CONCESSIONS**

<u>Apartment Name</u>	<u>Rent Concessions</u>
1 - Avalon at Newton Highlands, Newton	None
2 - Cronin's Landing, Waltham	None
3 - Longview Place, Waltham	None
4 - Archstone Bear Hill, Waltham	None
5 - Avalon at Lexington, Lexington	None
6 - Archstone Watertown Sq., Watertown	None
7 - Charles River Landing, Needham	None
8 - Arbor Point Woodland Station, Newton	None
9 - Avalon Chestnut Hill, Newton	None
10 - The Ridge, Waltham	None
11 - Riverbend on the Charles, Watertown	\$1,500 off first month's rent for two bedroom unit

One parking space is typically included in the monthly rent. Second spaces are typically available for an additional charge of between \$85 to \$225/month/space for garage spaces and \$0 to \$35/space for surface spaces.

**PARKING**

<b>Covered Parking</b>	<b>One Space Included</b>	<b>Type</b>	<b>\$/Month</b>
1 - Avalon at Newton Highlands, Newton	<b>X</b>	Garage	\$150
2 - Cronin's Landing, Waltham	<b>X</b>	Garage	\$110
3 - Longview Place, Waltham	<b>X</b>	Garage	\$85
		Surface Parking	\$35
4 - Archstone Bear Hill, Waltham	<b>X</b>		
5 - Avalon at Lexington, Lexington	<b>X</b>	Surface Parking	\$0
		Garage	\$175
		Carport	\$100
		Carport	\$70
6 - Archstone Watertown Sq., Watertown	<b>X</b>	Garage	\$125
7 - Charles River Landing, Needham	<b>X</b>	Outdoors	\$0
		Garage	\$225
8 - Arbor Point Woodland Station, Newton	<b>X</b>	Garage	\$155
9 - Avalon Chestnut Hill, Newton	<b>X</b>	Garage	\$125
10 - The Ridge, Waltham	<b>X</b>	Surface Parking	\$0
		Attached Garage	\$200
		Detached Garage	\$150
11 - Riverbend on the Charles, Watertown	<b>X</b>	Garage	\$125

Based on market indications for existing developments in the area, as well as the subject locale and general development plan proposed (without specific unit plans; but assuming a competitive product in terms of unit sizes, layout and quality), we believe that if units at the subject property were available today it would be reasonable to anticipate rents, on average, as shown in the grid below. Our estimated rental ranges presume mid-rise structures (units in upper floors in taller developments will typically command a premium), and inclusive common garage parking (one space included in the rent – second space available at an extra charge). At these rent levels, tenants are assumed to pay in addition for all utilities.

**RENTAL PRICING ESTIMATES**

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio	5%	600	700	1	\$1,700	\$2,000	\$2.83	\$2.86
1-Bedroom	40% - 50%	850	950	1	\$2,400	\$2,900	\$2.82	\$3.05
2-Bedroom	40% - 50%	1,100	1,300	2	\$3,400	\$3,900	\$3.00	\$3.09
3-Bedroom	5%	1,400	1,500	2	\$4,000	\$4,500	\$2.86	\$3.00
Total Units	100%							

Our pricing estimates are for preliminary planning purposes only. They depict our view of the existing market (2013 rents) and the likely physical environment into which units would be delivered. Specific unit rents would of course vary based upon actual unit size and type, specific positioning within the building or site (with associated views and light), and other differing features.

Eventual pricing will also be affected by the ultimate level quality of the finish and design in the units, shared entries and common areas, the resident amenities offered and by the environmental quality delivered by the Phase 1 development execution.

### **ABSORPTION RATES**

The rental market has been strong throughout the greater Boston market. Historical absorption rates fluctuate with product type (i.e. amenities), rental rates, market niche, competitive environment, location and economic conditions. The table included in the addenda identifies a wide range of absorption rates reflecting these factors. The table on the following page identifies the complexes we believe are most competitive with the subject.

### **ABSORPTION INDICATIONS**

<u>Apartment Name</u>	<u>Absorption Pace</u>
Avalon at Newton Highlands, Newton	24 units/month (99% occupied)
Longview Place, Waltham	20 units/month (120 of 348 to date)
Archstone Watertown Sq., Watertown	20 units/month (73% occupied)
Charles River Landing, Needham	85% in 10± months
Arbor Point Woodland Station, Newton	73% in 5.5 months
Riverbend on the Charles, Watertown	24 units/month (45% occupied) in 3 months

Based upon the subject location and our estimated pricing (and current market conditions), we believe it reasonable to assume lease-up (from the onset of marketing) at a rate of approximately 20 to 25 units per month. Our estimate is a range and for preliminary planning purposes only. Ultimately the pace will be a function of product appeal, pricing, amount of available competitive product and economic conditions at the time of property delivery.

### **Market Conclusions**

The proposed apartment complex in Newton is located in the Wells Avenue Office and Industrial Park near the Charles River with all the conveniences of its Route 128 environs. Areas surrounding the park are comprised predominantly of single-family neighborhoods. The locale seems well suited



for residential redevelopment and, in our judgment, with appropriate design and site planning, the project will find its primary draw from both young professional singles and couples and empty-nester baby-boomers.

Both population and households are projected to increase over the next five years within the defined market areas. Over 55% of the households have a one- and two-person composition, and over the next five years the single-person households are projected to substantially increase. Also over the next five years, incomes of households within both the PMA and SMA are projected to have the largest growth within the upper income brackets above \$100,000. These trends bode well for a new construction project here.

Market evidence suggests that a residential development at the subject property should offer a mix of unit types (ranging from studio- to three-bedrooms), with the highest concentration of the mix in one-bedroom and two-bedroom units (40% to 50% of the mix for each type). Based on market indications for new developments in the area, as well as the subject site and general development plan envisioned (without specific unit or building plans; but assuming a competitive product in terms of unit sizes, layout, features, quality and aesthetic appeal), we believe that it would be reasonable to anticipate stabilized rents in keeping with the table below.

#### RENTAL PRICING ESTIMATES

Unit Mix	No.	Size (SF)		Baths	Rent/Month		Rent/SF	
		Low	High		Low	High	Low	High
Studio	5%	600	700	1	\$1,700	\$2,000	\$2.83	\$2.86
1-Bedroom	40% - 50%	850	950	1	\$2,400	\$2,900	\$2.82	\$3.05
2-Bedroom	40% - 50%	1,100	1,300	2	\$3,400	\$3,900	\$3.00	\$3.09
3-Bedroom	5%	1,400	1,500	2	\$4,000	\$4,500	\$2.86	\$3.00
Total Units	100%							

These rental ranges presume mid-rise structures and inclusive common garage parking (one space included in the rent – second space available at an extra charge). At these rent levels, tenants are assumed to pay in addition for all utilities.

Based on indications of lease up at newer properties in the subject's market, we believe it is reasonable to anticipate an absorption rate of between 20 and 25 units per month, on average, over the marketing period. This rate includes the marketing period prior to construction completion, and many units can be expected to be 'pre-leased'.

These pricing and absorption pace estimates are for preliminary planning purposes only, depicting the conditions applicable to a near term residential development at the site.

## **ADDENDA**

**CONSULTANTS' QUALIFICATIONS, CERTIFICATION AND  
STANDARD ASSUMPTIONS AND LIMITING CONDITIONS**

# Byrne McKinney & Associates, Inc.

REAL ESTATE APPRAISERS & CONSULTANTS

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## PAMELA S. McKINNEY, MAI, CRE

Pamela S. McKinney, MAI, CRE, has conducted a broad range of consulting and valuation assignments for public, private, and institutional clients. Her background includes both public and private sector experience, with an emphasis on commercial, industrial, large-scale residential and special purpose property.

Notable assignments undertaken by Ms. McKinney include: asset management and disposition/acquisition counseling for public agencies, Fortune 500 companies and institutional investors; market and financial feasibility studies for large scale waterfront developments; development feasibility and marketing implementation studies for both downtown and suburban office, industrial and bio-medical research parks; market and financial analyses for major mixed-use developments; development consulting for ski area, marina, golf and equestrian resorts; hotel valuation and feasibility analyses; adaptive re-use, redevelopment and disposition studies for surplus public, corporate and institutional properties; residential condominium, rental apartment and assisted living analyses for market rate and affordable projects; commercial district revitalization, affordable housing and fiscal impacts studies for various state and local governments; and the valuation of investor-held properties nationwide. Ms. McKinney has qualified as an expert witness in the Middlesex, Norfolk and Suffolk County courts in Massachusetts as well as the Massachusetts Land Court and the federal bankruptcy and tax courts.

Ms. McKinney is the President and a Principal of Byrne McKinney & Associates, Inc. with 20 years of experience in the field of real estate counseling and valuation. Prior to founding the firm in 1989, Ms. McKinney was Senior Vice President of Leggat McCall Advisors, Inc., the national consulting arm of the Leggat McCall Companies. Before joining Leggat McCall, she served as Senior Vice President of Minot, DeBlois & Maddison, Inc., the nation's oldest real estate firm, where she was a principal in the consulting group and a director of the firm. Ms. McKinney also worked as a planner and real estate market analyst for metropolitan Boston's Regional Planning Agency where she managed major land use projects, and authored several planning manuals for local officials.

Ms. McKinney teaches courses in real estate investment analysis and finance for Harvard University and lectures widely on the topic of affordable housing and assisted living development.

Ms. McKinney holds the CRE designation of the Society of Real Estate Counselors, the MAI designation of the Appraisal Institute, is a member of the Board of Directors of the Greater Boston Chapter of the Appraisal Institute and has been elected to Lambda Alpha International, an honorary land economics society. Ms. McKinney is also a recent member of the Board of Directors of the Massachusetts Assisted Living Facilities Association and a current Board member of the Boston YWCA.

## CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- We have the requisite knowledge and experience to competently undertake this assignment.
- Use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- The reported analysis, opinions and conclusions are limited only by the reported assumptions and limiting conditions and are our personal, impartial and unbiased professional analysis, opinions, conclusions and recommendations.
- We have no present or prospective interest in the property that is the subject of this report, and have no personal interest with respect to the parties involved.
- We have no bias with respect to any property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this consulting assignment.
- Our analysis, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- Thomas F. Byrne, MAI, CRE and Pamela S. McKinney, MAI, CRE are both familiar with the site locale, but have not recently inspected it for the purpose of this study.
- No one provided significant real property appraisal or appraisal consulting assistance to the persons signing this certification.
- Pamela S. McKinney, MAI, CRE and Thomas F. Byrne, MAI, CRE are currently certified under the continuing education program of the Appraisal Institute and both are registered with the State of Massachusetts as a Certified General Real Estate Appraisers holding respective license numbers 745 and 787.

BYRNE MCKINNEY & ASSOCIATES, INC.

Pamela S. McKinney, MAI, CRE  
Principal

Thomas F. Byrne, MAI, CRE  
Principal

## STANDARD ASSUMPTIONS AND LIMITING CONDITIONS

The appraisers assume:

1. That the property is free and clear of all liens, encumbrances, easements and restrictions unless otherwise noted.
2. No liabilities legal in nature.
3. The property ownership and management are in competent, responsible hands.
4. That the property is not operating in violation of any applicable government regulations, codes, ordinances, or statutes. Any zoning variations and special permits currently in place are assumed to be available as of the date of value.
5. That there are no concealed or dubious conditions of the subsoil or subsurface waters, including water table and flood plain.
6. When the date of inspection differs from the effective date of appraised value, the appraiser has assumed no material change in the condition of the property, unless otherwise noted in the report.

The following limiting conditions are submitted with this report:

1. All of the facts, conclusions and observations contained herein are consistent with information available as of the date of valuation. The value of real estate is affected by many related and unrelated economic conditions, both local and national. Byrne McKinney, therefore assumes no liability for the effect on this subject property of any unforeseen precipitous change in the economy
2. The valuation, which applies only to the property described herein, was prepared for the purpose so stated and should not be used for any other purpose.
3. The appraiser has made no survey of the property. Any and all maps, sketches, and site plans provided to the appraisers are presumed to be correct, but no guarantee is made as to their accuracy.
4. Any information furnished by others is presumed to be reliable and, where so specified in the report, has been verified, but no responsibility, whether legal or otherwise, is assumed for its accuracy nor can it be guaranteed as being certain. No single item of information was completely relied upon to the exclusion of any other information.
5. The signatory herein shall not be required to give testimony or attend court or appear at any governmental hearing with reference to the subject property, unless prior arrangements have been made.

6. Disclosure of the contents of this report is governed by the bylaws of the Appraisal Institute. Neither this report nor any portions thereof (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or the MAI, SRPA, SRA or RM designation) shall be disseminated to the public through public means of communications without the prior written consent and approval of the appraisers and the firm which they represent.
7. The appraiser has no present or contemplated interest in the subject property.
8. Employment for this appraisal and compensation for this report is in no way contingent on the conclusions reported herein.
9. This appraisal has been made in conformance to the Code of Professional Ethics and Standards of Practice of the Appraisal Institute, of which Pamela S. McKinney, MAI, CRE and Thomas F. Byrne, MAI, CRE are members, and represents the best judgment of the appraiser.
10. No responsibility is taken for the effect on the subject property of changes in market conditions after the date of valuation or for the inability of the property owner to find a purchaser at the appraised value.
11. No effort has been made to determine the impact on this project of possible energy shortages or present or future federal, state, or local legislation, including any environmental or ecological matters or interpretations thereof.
12. The date of valuation to which the value estimate conclusions apply is set forth in the letter of transmittal and within the body of this report. The value is based on the purchasing power of the U.S. dollar as of the date of the report.
13. The appraisal conclusions that apply to the subject property are based on economic conditions and estimated supply and demand factors as of July 2013.
14. The report does not take into consideration the possibility of the existence of asbestos, PCB transformers, or other toxic hazardous, or contaminated substances and/or underground storage tanks containing hazardous material. The report does not consider the cost of encapsulation, treatment, or removal of such material. If the property owner has a concern over the existence of such conditions in the subject property, the appraisers consider it imperative to retain the services of a qualified engineer or contractor to determine the existence and extent of such hazardous conditions. Such consultation should include the estimated cost associated with any required treatment or removal of hazardous material.
15. We have not made a specific compliance survey and analysis of the existing and proposed improvements to determine whether or not they will be in conformity with the various detailed requirements of the ADA. It is possible that a compliance survey of the proposed improvement, together with a detailed analysis of the requirements of the



ADA, could reveal that the property will not be in compliance with one or more of the requirements of the Act. If so, this fact could have a negative effect upon the future value of the property. Since we have no direct evidence relating to this issue, we did not consider possible non-compliance with the requirements of the ADA in estimating the as proposed value of the property.

16. We did not ascertain the legal and regulatory requirements, except for zoning applicable to this project, including permits and licenses and other state and local government regulations. Further, no effort has been made to determine the possible effect on the subject property of present or future federal, state or local legislation or any environmental or ecological matters.